

Build clean energy resources in Maryland with the Abundant, Affordable Clean Energy Act

Sponsored by Delegate Lorig Charkoudian, Senator Ben Brooks

The problem

On the way to 100% Clean Energy, there are essential legislative changes required to ensure this transition provides maximum benefit to Marylanders. Maryland is in a very precarious energy situation. Our grid is managed by an organization called PJM. PJM's policies, which are driven in a large part by fossil fuel interests, have been a hindrance to Maryland's clean energy goals. This has delayed our ability to reach our climate goals and will increase utility bills, especially in the Baltimore Gas and Electric Region. Further, our current structure for incentivizing the clean energy transition is broken. Very few new clean energy projects are being constructed in the state other than distributed (rooftop) solar projects. The current structure uses Renewable Energy Credits and seeks to protect rate-payers by setting a cap (in the form of Alternative Compliance Payments) on what REC price would be paid. However, because of the high prices in REC markets, utilities have ended up paying Alternative Compliance Payments instead of buying RECs. The result is that rate-payer funds have not effectively been invested in the development of new clean energy.

There are many pieces of this legislation that are still being finalized. The legislation accomplishes the following goals:

1) Maximizes the amount of clean energy generation built within the boundaries of our state to add resources to the grid quickly

Even in the face of rising utility bills due to our grid operator's mismanagement, clean energy projects are the quickest to construct to bring new energy sources onto the grid. **In-state clean generation is the only way to prevent escalating utility bills for Marylanders. Increasing in-state generation also minimizes the number of transmission lines necessary to upgrade our grid and meet our increasing electricity needs.**

2) Shifts the financial benefit of clean energy from developers to ratepayers

The price of energy is an equity issue. The major innovation of this legislation is the built-in ratepayer hedge. As Maryland expands its clean energy resources, we can codify a better system where clean energy successes benefit everyday Marylanders. This bill ensures that as energy prices stabilize because of clean energy deployment, utility bills become lower. And, as energy markets become more competitive, ratepayers will not continue to provide subsidies to industries that don't need them.

This bill codifies clean energy solutions:

- **Battery Storage**

Creates a market for distribution grid connected storage and transmission grid connected storage. Ensuring that these no-regrets investments are built quickly within the next 2 years

- **Solar**

Phases out the current solar subsidy process and replaces it with SREC 2. This new program, which is similar to the New Jersey program that has been in operation since 2020, should lead our state to accomplishing 15% of the state's energy generation being solar by 2035 and caps the rate-payer impact of solar. Creates a 5% ratepayers impact cap for net-metered solar.

- **Offshore Wind**

Amends the transmission component of the POWER Act to prioritize solutions that serve Maryland load

- **Land-based Wind**

Creates competitive procurements for land-based wind projects that enhance the state's reliability and resiliency of the electric distribution system

- **Hydro**

Creates competitive procurements for existing and new hydroelectric projects under 30 MW.

- **Alternative Compliance Payments**

Directs ACPs to an escrow account in the Strategic Energy Investment Fund to be returned to ratepayers.

Other Features of the Abundant, Affordable Clean Energy Act:

Profit sharing with Ratepayers

For all of the procurement based and variable REC scenarios, when the energy and capacity revenue exceed a fixed price from the procurement, additional revenue is passed back to ratepayers.

Data Centers

75% of revenues from energy sales and franchise taxes from data centers will be placed in an account to offset ratepayer costs associated with the procurements outlined in the bill.

Maintaining Carbon-Free In-State Generation

Currently, the Calvert Cliffs Nuclear Power Plant provides 40% of Maryland's in-state energy generation and 80% of the state's carbon-free energy generation. The IRA provides a production tax credit (PTC) for nuclear power plants. This bill creates a means-tested zero emissions credit for the plant that would be available if the PTC is no longer available and cease to be available if the PTC becomes available again.

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